

A NEW ERA OF RESPONSIBILITY: RENEWING AMERICA'S PROMISE

President Obama's Fiscal 2010 Budget Overview

A State-Federal Partnership to Improve College Access and Completion

Background: To succeed in the global economy, the nation must do better at enrolling students in higher education and helping them graduate. Today, high-school graduates from the wealthiest families are virtually certain to continue on to higher education, while just over half of graduates from the poorest families do. Even when Americans can afford to begin their postsecondary education, they too often are not able to finish. Only about half of college students graduate within six years; for low-income students, the completion rate is closer to 25 percent. Only about half of college students graduate within six years; for low-income students, the completion rate is closer to 25 percent. Among students with the highest test scores, 74 percent of high-income students get four-year degrees, but only 29 percent of needy students do. These statistics are troubling, since research shows completing college yields benefits key to lifelong earnings.

To encourage efforts to increase enrollment, particularly among low-income families, the Leveraging Educational Assistance Partnership (LEAP) program currently provides states roughly \$64 million a year to foster investment in need-based aid. Some states and nonprofit organizations also conduct college outreach and information efforts with funds they receive through guaranty agency entitlements in the Federal Family Education Loan (FFEL) Program. There is little national focus on increasing college completion.

FY 2010 Budget Proposal: The Budget includes a five-year, mandatory \$2.5 billion investment in improving degree attainment rates in higher education and identifying and promoting what works in helping needy students get a degree. This federal-state partnership builds on ideas Congress included in the Higher Education Opportunity Act, such as the state Grants for Access and Persistence program designed to complement LEAP.

The method of allocating funds will be developed in consultation with Congress. Schools may also benefit from the current Experimental Sites authority, which allows regulatory waivers for programs to improve persistence. The Administration also intends to reach out to the philanthropic community as potential partners.

States would have considerable flexibility in the types of programs that can be funded, but they all must include a rigorous research component. States could set aside a portion of their funding to continue college outreach and information activities now through FFEL subsidies.

Results:

- **Learn what works:** There is promising research on increasing college enrollment and completion. The proposed program would quickly expand that knowledge base by allowing states to test, evaluate and bring to scale experiments in encouraging completion.
- **Engage states in this important challenge:** State and local governments provide the bulk of the operating funds for public colleges, which enroll 76 percent of undergraduate students. Engaging states through this program increases the likelihood that this effort will drive practical, real-world results for students, families, and schools.

